



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



**Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich**
Commissioners

Carlos Jackson
Executive Director

**AGENDA
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY HOUSING COMMISSION
WEDNESDAY, JUNE 28, 2006
12:00 NOON
12131 TELEGRAPH ROAD
SANTA FE SPRINGS, CA 90670
(562) 347-4663**

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1. **Call to Order**
2. **Roll Call**

**Lynn Caffrey Gabriel, Chair
Henry Porter, Jr. Vice Chair
Carol Almarez
Severyn Aszkenazy
Philip Dauk
Adriana Martinez
Dora Nowden**

3. **Reading and Approval of the Minutes of the Previous Meeting**

Regular Meeting of May 24, 2006

4. **Report of the Executive Director**

5. **Public Comments**

The public may speak on matters that are within the jurisdiction of the Housing Commission. Each person is limited to three minutes.

6. **Staff Presentation**

Section 8 Lancaster Office Relocation – Theresa Wesson, Office of Executive Management
First Time Homebuyers Program - Daisy Ma, Housing Development and Preservation Division



Regular Agenda

7. Approve Purchase Of Property Insurance, Excess Workers' Compensation And Excess General And Automobile Liability Insurance For The Community Development Commission And Housing Authority (All Districts)

Recommend approval of the combined purchase, with the Community Development Commission, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost of approximately \$800,000, for the period from July 1, 2006 to June 30, 2007, through Driver Alliant Insurance Services, Inc.; and authorize the Executive Director to purchase said insurance coverage and to make payments, as needed, for workers' compensation and general liability claims, using funds approved in the Fiscal Year 2006-2007 budget.

8. Approve The Revised Investment Policy Of The Community Development Commission And Housing Authority (All Districts)

Recommend approval of the Investment Policy of the Housing Authority and the Community Development Commission, for the use temporarily available excess funds, which has been revised to comply with applicable sections of the California Government Code (Government Code) and to allow for greater flexibility in investing; and authorize the Executive Director to implement the Investment Policy, effective on the date of Board approval.

9. Housing Commissioner Comments and Recommendations for Future Agendas

Housing Commissioners may provide comments or suggestions for future Agenda items.

Copies of the preceding agenda items are on file and are available for public inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday, at the Housing Authority's main office located at 2 Coral Circle in the City of Monterey Park. Access to the agenda and supporting documents is also available on the Housing Authority's website.

Agendas in Braille are available upon request. American Sign Language (ASL) interpreters, or reasonable modifications to Housing Commission meeting policies and/or procedures, to assist members of the disabled community who would like to request a disability-related accommodation in addressing the Commission, are available if requested at least three business days prior to the Board meeting. Later requests will be accommodated to the extent possible. Please contact the Executive Office of the Housing Authority by phone at (323) 838-5051, or by e-mail at marisol.ramirez@lacdc.org, from 8:00 a.m. to 5:00 p.m., Monday through Friday.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

MINUTES FOR THE REGULAR MEETING OF THE

LOS ANGELES COUNTY HOUSING COMMISSION

Wednesday, May 24, 2006

The meeting was convened at the Carmelitos Housing Development located at 851 Via Carmelitos, Long Beach, California.

Digest of the meeting. The Minutes are being reported seriatim. A taped record is on file at the main office of the Housing Authority.

The meeting was called to order by Chair Lynn Caffrey Gabriel at 12:25 p.m.

ROLL CALL

Present

Absent

Severyn Aszkenazy

X

Philip Dauk

X

Lynn Caffrey Gabriel

X

Adriana Martinez

X

Dora Nowden

X

Henry Porter, Jr.

X

Carol Almarez

X

PARTIAL LIST OF STAFF PRESENT:

Bobbette A. Glover, Assistant Executive Director

Maria Badrakhan, Director, Housing Management

Rebecca Craigo, Director, Assisted Housing Division

Emilio Salas, Director, Administrative Services

Geoffrey Siebens, Manager, Construction Management Division

GUESTS PRESENT:

Aida Garcia, Carmelitos resident

Donald Schuster, Section 8 Program participant

Reading and Approval of the Minutes of the Previous Meeting

On Motion by Commissioner Porter, seconded by Commissioner Dauk, the Minutes of the Regular Meeting of April 26, 2006 were approved.

Agenda Item No. 4 - Report of the Executive Director

Bobbette A. Glover presented this report with staff participation.

Ms. Glover introduced Carol Almarez, the new Housing Commissioner. Ms. Glover also announced that Lourdes Moreno is a new staff member of the Office of Executive Management.

Mary Douglas, Housing Manager, provided background information on Carmelitos Housing Development. Ernest Johnson, Resident Initiatives Coordinator, provided an overview of the various programs at Carmelitos.

Ms. Glover corrected the Agenda by indicating that Daisy Ma will provide a presentation on the First Time Homebuyers Program at the June 28 meeting. Also, Bob Nishimura will make a presentation on the Fraud Investigations Program at the July 26 meeting.

Agenda Item No. 5 - Public Comments

Mr. Donald Schuster expressed concerns regarding his eviction from the West Hollywood housing development, and requested reinstatement of his Section 8 voucher. Commissioner Gabriel suggested that Rebecca Craigo assist Mr. Schuster following the meeting.

Agenda Item No.6 – Staff Presentations

Geoffrey Siebens discussed the Quarterly Contract Status Report, and answered questions from the Commissioners.

Regular Agenda

On Motion by Commissioner Porter, seconded by Commissioner Nowden, and unanimously carried, the following was approved by the Housing Commission:

**APPROVE CONSTRUCTION CONTRACT FOR REPLACEMENT OF TWO BOILERS
AT THE SOUTHBAY GARDENS SENIOR HOUSING DEVELOPMENT (2)
AGENDA ITEM NO. 7**

1. Recommend that the Board of Commissioners find that the replacement of two boilers at the Southbay Gardens senior housing development, located at 230 East 130th Street, in unincorporated Los Angeles County, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.

2. Recommend that the Board of Commissioners approve the award of a Construction Contract (Contract) in the amount of \$74,000 to Automatic Boiler Company, to complete the replacement of two boilers at the subject property; and authorize the Executive Director of the Housing Authority to execute the Contract and all related documents, to be effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval.
3. Recommend that the Board of Commissioners authorize the Executive Director to use a total of \$74,000 in Capital Fund Program funds for the purposes described above; and authorize the Executive Director to approve contract change orders not exceeding \$14,800 for unforeseen project costs, using the same source of funds.

On Motion by Commissioner Porter, seconded by Commissioner Nowden, and unanimously carried, the following was approved by the Housing Commission:

APPROVE CONSTRUCTION CONTRACT FOR SITE WORK AT THE
HARBOR HILLS COMMUNITY CENTER (4)
AGENDA ITEM NO. 8

1. Recommend that the Board of Commissioners find that the site work at the Harbor Hills Community Center, located at 1876 Palos Verdes Drive North, in the City of Lomita, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve the award of a Construction Contract (Contract), in the amount of \$174,205 to C.S. Legacy Construction (Contractor), to complete the site work at the subject property, and authorize the Executive Director of the Housing Authority to execute the Contract and all related documents, to be effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval.
3. Recommend that the Board of Commissioners authorize the Executive Director to use a total of \$174,205 in Capital Fund Program funds, for the purpose described herein; and authorize the Executive Director to approve Contract change orders not exceeding \$34,841 for unforeseen project costs, using the same source of funds.

On Motion by Commissioner Porter, seconded by Commissioner Nowden, and unanimously carried, the following was approved by the Housing Commission:

**APPROVE CONSTRUCTION CONTRACT FOR PHASE TWO OF THE NATURAL GAS
LINE REPLACEMENT AT THE CARMELITOS FAMILY HOUSING DEVELOPMENT (4)
AGENDA ITEM NO. 9**

1. Recommend that the Board of Commissioners find that the replacement of natural gas lines serving 182 units at the Carmelitos family housing development, located at 1000 Via Wanda, Long Beach, is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve the award of a Construction Contract in the amount of \$1,311,700 to M.L. Construction, to complete phase two of the natural gas line replacement project at the subject property; and authorize the Executive Director of the Housing Authority to execute the Contract and all related documents, to be effective upon the issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval.
3. Recommend that the Board of Commissioners authorize the Executive Director to use a total of \$1,200,000 in Community Development Block Grant Fund (CDBG) Float Loan funds, and \$111,700 in Capital Fund Program (CFP) funds for the purposes described herein; and authorize the Executive Director to approve Contract change orders not to exceed \$262,340 for unforeseen project costs, using CFP funds.

On Motion by Commissioner Porter, seconded by Commissioner Nowden and unanimously carried, the following was approved by the Housing Commission:

**APPROVE LANDSCAPE CONTRACT FOR ALL HOUSING AUTHORITY HOUSING
DEVELOPMENTS LOCATED WITHIN LOS ANGELES COUNTY (ALL DISTRICTS)
AGENDA ITEM NO. 10**

1. Recommend that the Board of Commissioners find that the Landscape Maintenance Services Contract for the provision of landscape maintenance at all housing developments located within unincorporated Los Angeles County is exempt from the California Environmental Quality Act (CEQA), as described herein, because the services will not have the potential for causing a significant effect on the environment.

2. Recommend that the Board of Commissioners approve and authorize the Executive Director of the Housing Authority to execute a one-year Landscape Maintenance Services Contract (Contract) with TruGreen LandCare, to provide landscape maintenance services at all housing developments owned or managed by the Housing Authority, to be effective July 1, 2006, and to use for this purpose a maximum amount not to exceed \$757,640 in Conventional Public Housing Program funds allocated by the U.S. Department of Housing and Urban Development (HUD).
3. Recommend that the Board of Commissioners authorize the Executive Director to execute Contract amendments, following approval as to form by County Counsel, to incorporate specific sites, increase compensation amounts as provided herein, and to extend the Contract term for a maximum of two years, in one-year increments, at the same yearly Contract amount of \$757,640, using funds to be approved through the annual budget process.
4. Recommend that the Board of Commissioners authorize the Executive Director to execute amendments to the Contract, following approval as to form by County Counsel, in an aggregate amount not to exceed \$60,000 per contract year, to cover any unforeseen needed landscape maintenance services, using the same source of funds.

Agenda Item No. 11 – Housing Commissioner Comments and Recommendations for Future Agenda Items

Commissioner Gabriel suggested that photos of Commission staff be provided to the Housing Commissioners. The photos will be helpful in recognizing individuals that assist the Commissioners on a regular basis.

Commissioner Almarez requested a list of the housing sites. Commissioner Porter suggested that the Annual Agency Plan be provided to Commissioner Almarez.

Bobbette Glover announced the promotion of Mr. Don Swift to Manager of the Assisted Housing Division.

The next scheduled meeting of the Housing Commission will be held at 12:00 noon on Wednesday, June 28, 2006, at the Santa Fe Springs office located at 12131 Telegraph Road, Santa Fe Springs, CA 90670.

Ms. Glover announced that the Donor Breakfast will be held on Thursday, July 13, 2006, at the Harbor Hills Community Center.

Ms. Glover thanked Commissioner Porter for his donation to the Community Development Foundation.

On Motion by Commissioner Gabriel, the Regular Meeting of May 24, 2006, was adjourned at 1:25 p.m.

Respectfully submitted,


for CARLOS JACKSON
Secretary -Treasurer

Housing Authority - County of Los Angeles

June 28, 2006

FOR YOUR INFORMATION ONLY

TO: Housing Commissioners
FROM: Rebecca L. Craig, Director
Assisted Housing Division
RE: THE FAMILY SELF-SUFFICIENCY (FSS) PROGRAM

FSS Program Update

- For the month of May, FSS provided bus passes to 4 working families to assist with their commute to work and/or school.
- Resource information for employment opportunities, budgeting, money saving tips and homeownership workshops were handed out to 6 FSS participants during the May re-issuance appointments.
- FSS staff met with and assisted 40 additional FSS participants during the month of May with supportive services information and general Section 8 questions.
- FSS staff met with 1 FSS participant working towards graduation from the FSS program. FSS staff reviewed the graduation request with the participant and referred them to the Community Development Commission's Home Ownership Program per the tenant's request. The graduation is pending supervisor approval.
- FSS staff met and processed 8 FSS participants' program extension requests. The extension requests are pending supervisor approval.

Family Self-Sufficiency, in partnership with the Partners for Progress, co-hosted a Job Fair on May 17, 2006 at the Community Resource Center in Whittier. There were 30 employers that participated. Twenty-seven participants and family members in the Section 8 and Public Housing Family Self-Sufficiency program met with employers and attended workshops. All 27 FSS participants applied for jobs during the Job Fair. The number of new jobs obtained by FSS participants is unknown at this time.

Graduates

There were two graduates this month. The total number of graduates to date is 150.

If you have any questions, please call me at (562) 347-4880.

RLC:MF:CL:dt
Commissionreport0604



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Michael D. Antonovich**
Commissioners

Carlos Jackson
Executive Director

June 28, 2006

Honorable Housing Commissioners
Housing Authority of the
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Dear Commissioners:

**APPROVE PURCHASE OF PROPERTY INSURANCE, EXCESS WORKERS'
COMPENSATION AND EXCESS GENERAL AND AUTOMOBILE LIABILITY
INSURANCE FOR THE COMMUNITY DEVELOPMENT COMMISSION AND
HOUSING AUTHORITY (ALL DISTRICTS)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners approve the combined purchase, with the Community Development Commission of the County of Los Angeles, of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance, at a premium cost of approximately \$800,000, for the period from July 1, 2006 to June 30, 2007, through Driver Alliant Insurance Services, Inc.
2. Recommend that the Board of Commissioners authorize the Executive Director to purchase the property insurance, excess workers' compensation insurance and excess general and automobile liability insurance and to make payments, as needed, for workers' compensation and general liability claims, using funds approved in the Fiscal Year 2006-2007 budget.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to purchase property insurance, excess workers' compensation insurance and excess general and automobile liability insurance for the Commission and the Housing Authority under a Joint Purchase Program formed by Driver Alliant Insurance Services, Inc. The proposed purchase will provide required excess coverage above the Commission and Housing Authority's self-insured retentions.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The total approximate annual premium cost of \$800,000 will be paid from funds approved in the Fiscal Year 2006-2007 budgets of the Commission and the Housing Authority.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On May 25, 1993, your Board approved the Commission and Housing Authority's participation in a Joint Purchase Program provided by Robert F. Driver Company, now known as Driver Alliant Insurance Services, Inc. The property, excess workers' compensation and excess liability and automobile insurance programs combine the purchasing power of public agencies to obtain insurance at rates below those available individually. Programs are underwritten by numerous insurance carriers, which are all rated "A" Superior to Excellent by Best's Key Rating Guide. There is no sharing of limits or risk, and each participant is protected to the same extent as if separate policies had been written, with the exception of the excess workers' compensation insurance. The excess workers' compensation insurance is provided through the California State Association of Counties/California Public Entities Insurance Association pooled program, and while there is risk sharing on this assessable program, the coverage and rates offered are far superior to that available on an individual basis.

The Fiscal Year 2005-2006 budgeted amount for insurance coverage was \$875,000, and the actual premium for insurance coverage was \$677,000, which included property, excess workers' compensation and excess general and automobile liability insurance. Coverage under the Joint Purchase Program, again provided by Driver Alliant Insurance Services, Inc., will be at an estimated annual cost not to exceed \$800,000. The amount budgeted for the Fiscal Year 2006-2007 premium is somewhat less than the amount budgeted for the Fiscal Year 2005-2006 premium due to the continued stabilization in the insurance market, however, costs will most likely rise next year due to the recent hurricanes and other catastrophes worldwide.

Driver Alliant Insurance Services, Inc. was unable to provide a substantial premium estimate until mid-June, however, the firm will provide coverage between the effective

date of July 1, 2006 and the date of Board approval.

Eight to eleven percent of the premium will be paid to Driver Alliant Insurance Services, Inc. as a broker fee, in accordance with industry standards.

ENVIRONMENTAL DOCUMENTATION:

The purchase of property insurance, excess workers' compensation insurance and excess general and automobile liability insurance is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact or result in any physical changes to the environment. The action is not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

On April 17, 2006, the Commission initiated an outreach to identify a vendor to perform broker services for the Commission and Housing Authority. Notices were mailed to 30 insurance brokers identified from the Commission and County's vendor lists. Advertisements also appeared in the Los Angeles Times and on the County WebVen website and the Commission's website. Seventeen bid packages were requested and distributed.

On May 5, 2006, one proposal was received and formally opened. The proposal was submitted by Driver Alliant Insurance Services, Inc., the Commission and Housing Authority's current insurance broker. The proposal was determined to be responsive and is, therefore, being recommended for the contract award.

The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT SERVICES/PROGRAMS:

The proposed insurance will provide all the required coverage for Commission and Housing Authority properties and activities.

CONCLUSION:

Few carriers meeting the Commission and the Housing Authority's rating requirements are prepared to offer coverage as broad as this program, which includes coverage for employment practices liability and employee benefits liability. These items, which are

Honorable Housing Commissioners
June 28, 2006
Page 4

usually purchased separately for an additional premium, are included as part of the master policy.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachments: 2

CJ:RY:tc

ATTACHMENT A

Summary of Outreach Activities

Insurance Broker Services

On April 17, 2006, the following outreach was initiated to identify a vendor to provide insurance broker services for the Commission and Housing Authority.

A. Advertising

Announcements appeared in the Los Angeles Times newspaper and on the County WebVen website and the Commission's website.

B. Distribution of Bid Packages

The Commission and County's vendor lists were used to mail out Invitations for Bids to 30 contractors, of which five identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women). As a result of the outreach, 17 bid packages were requested and distributed.

C. Results

On May 5, 2006, one bid was received and publicly opened. The sole proposal was submitted by Driver Alliant Insurance Services, Inc., the Commission and Housing Authority's current insurance broker. The bid was determined to be responsive and is, therefore, being recommended for the contract award.

Company

Bid Amount

Driver Alliant Insurance Services, Inc.

Eight to eleven percent
of insurance premiums

D. Minority/Female Participation – Selected Contractor

Name

Ownership

Employees

Driver Alliant

Non-minority

Total: 630

89 Minorities

265 Women

14% Minorities

42% Women

The Commission conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Commission.

The recommended award of the contract is being made in accordance with the Commission's policies and federal regulations, and without regard to race, creed, color, or gender.



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Executive Director

June 28, 2006

Honorable Housing Commissioners
Housing Authority of the
County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Dear Commissioners:

**APPROVE THE REVISED INVESTMENT POLICY OF THE COMMUNITY
DEVELOPMENT COMMISSION AND HOUSING AUTHORITY (ALL DISTRICTS)**

IT IS RECOMMENDED THAT YOUR COMMISSION:

Recommend that the Board of Commissioners approve the Investment Policy of the Housing Authority and the Community Development Commission, for the use temporarily available excess funds, which has been revised to comply with applicable sections of the California Government Code (Government Code) and to allow for greater flexibility in investing; and authorize the Executive Director to implement the Investment Policy, effective on the date of Board approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of the recommended action is to implement revisions to the Investment Policy in order to comply with changes to Section 53646 of the Government Code and to allow the Commission and Housing Authority more flexibility when investing temporarily available excess funds.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. Only Commission and Housing Authority temporarily available excess funds are invested. The revised Investment Policy is in full compliance with current State of California and U.S. Department of

Housing and Urban Development (HUD) regulations, which are intended to minimize or avoid adverse fiscal impacts.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Investment Policy was implemented in 1985 and last revised in August 1999. The attached Investment Policy provides guidelines for investing temporarily excess funds, which are funds that are not required for immediate needs. The Commission and Housing Authority may invest in the following types of investment instruments, in accordance with Sections 53601 and 53635 of the Government Code: U.S. government obligations, banker's acceptances, commercial paper, negotiable certificates of deposit, time certificates of deposit, repurchase agreements, medium-term notes, money market mutual funds and state and municipal agency investment pools.

Funds are invested under the prudent investor rule authorized under Section 53600, et seq., of the Government Code and statutory limits imposed by HUD for public housing agencies and Community Development Block Grant funds. The Investment Policy states that the Commission and Housing Authority shall maintain an investment portfolio that safeguards the principal of funds, maintains a liquid position sufficient to meet current and anticipated cash needs, and achieves the highest yield possible without assuming unacceptable levels of risk.

The Investment Policy has been revised to allow the Executive Director greater flexibility when investing excess funds and to clarify reporting guidelines. The first revision allows the Executive Director a larger number of firms to do business with, which will provide better service to relatively small entities such as the Commission and Housing Authority. The current investment policy restricts the Commission and Housing Authority to using only primary broker/dealers with a minimum of \$1 billion in assets. This stringent requirement eliminates regional broker/dealers that would otherwise provide excellent services and products to the Commission and Housing Authority.

Additionally, the types of securities that the Commission and Housing Authority buy from broker/dealers include U.S. government obligations, which in some instances are underwritten in higher numbers by regional broker/dealers. Allowing the use of regional broker/dealers affords the Commission and Housing Authority a wider range of investment choices. Therefore, the Investment Policy is revised to allow investment with regional broker/dealers.

The second revision removes the restriction of investing in negotiable certificates of deposit with a maximum limit of \$100,000 per certificate of deposit per institution. Section 53601 of the Government Code places no restriction on the allowable amount invested per institution. By limiting the investment amount to \$100,000, the Commission and Housing Authority receive less attractive interest rates. Therefore, the Investment

Policy will no longer restrict negotiable certificates of deposit amounts to \$100,000 per certificate of deposit per institution.

The third revision clarifies reporting guidelines, based on recent changes in Government Code Section 53646(b). According to this Government Code section, quarterly investment reports to the legislative body are no longer mandatory. However, when a report is submitted, the following information, among others, shall be included: the type of investments; the issuer; the date of maturity, par and dollar amount invested on all securities; applicable investments and monies held by the Commission and Housing Authority; a description of investment funds; the value of securities and the source of the valuation; and a statement regarding the Commission and Housing Authority's ability to meet expenditure requirements for the next six months.

Lastly, the Investment Policy has been modified to include minor language changes for the purposes of clarity.

The Investment Policy is consistent with the investment policies of the County of Los Angeles, and has been reviewed by both County Counsel and the County Treasurer and Tax Collector.

IMPACT ON CURRENT PROGRAM:

The revised Investment Policy conforms to the current Government Code and affords the Commission and Housing Authority greater flexibility in investing temporarily available excess funds, which may result in increased investment earnings without added risks.

Respectfully submitted,


for CARLOS JACKSON
Executive Director

Attachment: 1

CJ/YC/mm:kp
BL-InvestPol

I. INVESTMENT AUTHORITY

Pursuant to Section 53607 of the Government Code, the Board of Commissioners of the Community Development Commission and Housing Authority of the County of Los Angeles, collectively referred to as Board of Commissioners, may authorize the Executive Director to undertake investment transactions on behalf of the Community Development Commission of the County of Los Angeles and the Housing Authority of the County of Los Angeles, hereinafter collectively referred to as "Commission". The following policy sets forth investment guidelines and procedures to be followed by the Executive Director and other authorized personnel of the Commission.

II. INVESTMENT POLICY

The Commission invests its temporarily surplus funds under the prudent investor rule authorized under Section 53600, et. seq., of the Government Code and in accordance with statutory limits imposed by the U.S. Department of Housing and Urban Development (HUD) for Public Housing Agencies (PHA) and Community Development Block Grant (CDBG) funds, as well as other federal agencies providing funds to the Commission. All investment decisions shall be made with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity would use with like aims.

III. INVESTMENT PORTFOLIO

The Commission shall establish an investment portfolio that safeguards the principal of funds, maintains a liquid position sufficient to meet current and anticipated cash needs, and achieves the highest yield possible without assuming unacceptable levels of risk.

The allowable investment instruments available to the Commission for investing its temporarily surplus funds are defined in the Government Code, relating to local agency funds. The investment instruments herein are also HUD-approved investments.

U.S Government Obligations

As authorized in the Government Code, and HUD Financial Handbook 7475.1, Chapter 4, this category includes a wide variety of government securities. There are no portfolio limitations on the dollar amount. The time to maturity period on such investments cannot exceed five years, unless the legislative body has granted express authority to make the investments either specifically or as part of an investment program approved by the Board of Commissioners no less than three months prior to the investment. The government agency issues in this category include the following:

1. Local government bonds or other indebtedness;
2. U.S. Treasury notes, bonds, bills or other indebtedness backed by the full faith and credit of the federal government;
3. State bonds or other indebtedness; and
4. Other federal agency securities such as obligations issued by the Federal Home Loan Bank Board, Federal Farm Credit Bank, Tennessee Valley Authority, Federal National Mortgage Association, Small Business Administration, Student Loan Marketing Association, etc.

Banker's Acceptances

No more than 40% of the portfolio may be invested in banker's acceptances that are eligible for purchase by the Federal Reserve System. However, no more than 30% of the portfolio may be invested in banker's acceptances with any one commercial bank. In addition, the maturity period may not exceed 180 days.

Commercial Paper

No more than 15% of the portfolio may be invested in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The issuing corporation must be organized and operating in the United States, have total assets in excess of \$500 million and have an "A" or better rating by a NRSRO for any debt other than commercial paper. The Commission may not purchase more than 10% of the outstanding commercial paper of any issuing corporation, nor purchase commercial paper with a maturity exceeding 270 days.

Negotiable Certificates of Deposit

No more than 20% of the portfolio may be invested in negotiable certificates of deposit issued by a nationally or state-chartered bank, federal or state chartered savings and loan associations or a state licensed branch of a foreign bank. No more than 10% of the portfolio shall be invested in any one institution. A maturity limitation of three years is applicable.

Time Certificates of Deposit

No more than 25% of the portfolio may be invested in non-negotiable time deposits. No more than 10% of the portfolio may be invested in any one institution. Collateral must be at least 102% of principal and accrued interest of each time deposit. Banks and savings and loan associations must meet the requirements for investment in negotiable certificates of deposits. A maturity limitation of three years is applicable.

Repurchase Agreements

Investments in repurchase agreements are subject to the provisions of Section 53601 (i) of the Government Code. No more than 30% of the portfolio may be invested in repurchase agreements. The maturity of the repurchase agreement shall not exceed 90 days. The market value of the securities used as collateral shall be monitored by staff and should not fall below 102% of the value of the repurchase agreement. For investing in repurchase agreements, a Master Repurchase Agreement, as recommended by the Bond Market Association and Government Finance Officers Association is required, and a third-party custodial agreement for safekeeping is recommended whenever possible.

Medium-term Corporate Notes

Purchases of medium-term notes may not exceed 30% of the portfolio and no more than 15% of the portfolio may be invested in notes of any one issuer. Investments may be made in medium-term notes of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical-rating organization.

Money Market Mutual Funds

Money market mutual funds must be registered with the Securities and Exchange Commission in accordance with Section 270.2a-7 of Title 17 of the Code of Federal Regulation. Funds must receive the highest ranking by not less than two of the three largest nationally recognized statistical-rating organizations. Purchase price of shares of beneficial interest shall not include any commission that the companies may charge and shall not exceed 20% of the portfolio. However, no more than 10% of the portfolio may be invested in shares of beneficial interest in any one mutual fund.

State and Municipal Agency Investment Pools

There is no maturity and amount limit in this category.

IV. EXECUTION, DELIVERY, AND MONITORING OF INVESTMENTS

The Commission's Financial Management Division and designated staff are authorized to execute investment transactions.

All negotiable securities must have bank safekeeping arrangements. Purchases from brokers and other institutions must be delivered to the Commission's designated third party custodian in accordance with the established safekeeping instructions. Non-negotiable collateralized certificates of deposits and Federal

Investment Policy for Community Development Commission and Housing Authority of the County of Los Angeles

Deposit Insurance Corporation (FDIC) insured certificates of deposits purchased directly from any approved banks and savings and loans are excluded from the safekeeping requirements for negotiable securities.

All applicable transactions shall be executed on a delivery versus payment basis.

Internal Control staff, to assure compliance with this policy, shall provide timely review of all investment deals made by the Commission. Additionally, investment transactions shall be conducted in accordance with the Commission's internal control procedures.

Cash Management staff shall adhere to the following guidelines for mitigating risk of portfolio loss:

1. **Diversification of Instruments** – The portfolio may consist of a mix of various types of securities, issuers and maturities within the limitations prescribed by State law.
2. **Staggering of Maturities** – Investment maturities shall be scheduled in such a manner so that adequate cash will be available to pay disbursement obligations as they become due and payable.
3. **Cash Flow Requirements Used to Establish Maturity** – Projected cash flow requirements shall be the primary factor to be used in determining investment maturity terms.
4. **Sales of Investments Before Maturity** – Investments may be sold prior to maturity for cash flow, risk diversification or appreciation purposes. However, no investment shall be made solely for the purpose of trading. Generally, losses are acceptable on a sale before maturity if the earnings from the reinvested proceeds will exceed the income that would have been generated by the old (replaced) investment, taking into account any capital loss or foregone interest on the original investment. Under such circumstances, a "swap analysis" shall be performed and recorded with the transaction.
5. **Term of Investment** – Investments longer than one year may be made if consistent with the Commission's cash flow needs, exceeding minimum rate of return and its related intent of holding until maturity.
6. **Pooled Cash** – Cash from all funds, when applicable, shall be consolidated into one or a few general bank accounts and invested on a pooled concept basis.
7. **Competitive Bids** – Where applicable, the purchase and sale of securities shall be made on the basis of competitive offers and bids. For each investment transaction, a minimum of three bids shall be analyzed, and the

purchase shall go to the highest or most responsible bidder.

8. **Security Marketability** – The financial capacity of a security shall be considered at the time of purchase. Where applicable, the *Minimum Credit Rating Schedule (Exhibit A)* shall be utilized as a means of determining such capacity, as the security may have to be sold prior to maturity in order to meet unanticipated cash demands.
9. **Qualified Dealers and Institutions** – Broker/Dealers shall be limited to primary government dealers as designated by the Federal Reserve Bank or institutions meeting the following criteria:

A. Broker/Dealers with minimum capitalization of \$25 million and that meet the following requirements:

1. Must have a strong presence in Debt-U.S. Agency market sector, with a ranking in the top twenty-five;
2. Must be licensed by the State as a Broker/Dealer, as defined in Section 25004 of the Corporations Code, or a member of a federally regulated securities exchange;
3. Must be a member of the National Association of Securities Dealers;
4. Must be registered with the Securities Exchange Commission;
5. Must have been in operation more than five years;
6. Must have office(s) in California.

B. HUD-Sponsored Minority Banks – When dealing with HUD-sponsored Minority Banks for the purchase of certificates of deposits under the Minority Bank Deposit Program, the Commission must apply the following procedures:

1. Select five different local qualified Minority Banks from the most current Minority Bank listing;
2. Check the most recent risk rating for each institution.
3. Obtain investment rate offerings from each institution.
4. Select the investment that best fits the Commission's current and future objectives for Minority Banks outreach.

Eligible institutions that qualify under 9A of this policy must file with the Commission a *Broker/Dealer Questionnaire and Certification (Exhibit B)*. Institutions must also provide their most recently audited annual report. The Commission shall maintain an approved Broker/Dealer list. Firms shall be removed from the approved list and trading suspended with firms failing to provide accurate and timely confirmations of trade transactions.

V. REPORTING REQUIREMENTS

Quarterly Reports

In accordance with Section 53646 (b) of the Government Code, the Commission may file quarterly reports with the Board of Commissioners.

Annual Reports

The Commission shall file annually, financial reports in accordance with the Governmental Accounting Standards Board's (GASB) financial reporting requirements (GASB Statement No. 40, Deposit and Investment Risk Disclosure).

VI. STATEMENT OF INDEMNITY

The Executive Director, Director of Financial Management, Accounting Manager, Internal Control staff, and other cash management section employees shall be personally indemnified by the Commission in the event of investment losses, provided this Investment Policy is followed.

END OF POLICY

Exhibit A Minimum Credit Rating

Rating Agency

Moody's	Standard & Poor's	Fitch IBCA	Bauer Financial *
P-1/Aaa	A-1/Aaa	2-A	4
P-1/Aa	A-1/Aa	2-A/B	3
P-1/A	A-1/A	2-B	

*Alternative rating agency used when not listed on Moody's, Standard & Poor's or Fitch

Investment Portfolio

Investment Types	Maximum Maturity	Maximum Amount
U.S. government obligations	5 years	No limit
Banker's acceptances	180 days	No more than 40% of portfolio
Commercial paper	270 days	No more than 15% of portfolio
Negotiable certificates of deposits	3 years	No more than 20% of portfolio
Time certificates of deposits	3 years	No more than 25% of portfolio
Repurchase agreements	90 days	No more than 30% of portfolio
Medium-term corporate notes	5 years	No more than 30% of portfolio
Money market mutual funds	Not applicable	No more than 20% of portfolio
State and Municipal Agency Investment Pools	No limit	No limit

EXHIBIT B

**COMMUNITY DEVELOPMENT COMMISSION
HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION**

1. Name of firm _____
2. Address (Local) _____ (National Offices) _____

3. Telephone no. () _____ Local
() _____ National Headquarters
_____ E-mail
4. Primary representative/manager/partner-in-charge
Name _____ Name _____
Title _____ Title _____
Telephone No. _____ Telephone No. _____
5. Are you a primary dealer in U.S. Government securities? () Yes () No
6. If so, for how long has your firm been a primary dealer? _____ Years.
7. What was your firm's total volume in U.S. Government and agency securities trading last year?
Firm-wide \$ _____ Number of transactions _____
Firm-wide \$ _____ Number of transactions _____
8. Which instruments are offered regularly by local desk?
() T-bills () BAs (domestic)
() Treasury notes/bonds () BAs (foreign)

() Agencies (specify)	() Commercial paper
() _____	() Bank CDs
() _____	() S & L CDs
() Instrumentalities	() Other (specify)
_____	_____
_____	_____
_____	_____

9. Identify all personnel who will be trading with or quoting securities to Commission employees.

Name	Title	Telephone No.
_____	_____	() _____
_____	_____	() _____
_____	_____	() _____
_____	_____	() _____
_____	_____	() _____

(ATTACH RESUMES OF ALL THE ABOVE PERSONS)

10. Which of the above personnel have read the Commission's investment policy?

_____	_____
_____	_____

11. Please indicate which agents of your firm's local offices currently are licensed, certified or registered, and by whom.

Agent	Licensed or Registered by:
_____	_____
_____	_____
_____	_____

12. Please identify your public-sector clients in our geographical area who are most comparable to the Commission.

<u>Entity</u>	<u>Contract Person</u>	<u>Telephone No.</u>	<u>Client Since</u>
<hr/>			
<hr/>			

YOU MAY ATTACH RESPONSES TO QUESTIONS 13-28.

13. Have any of your public-sector clients ever sustained a loss on a securities transaction arising from a misunderstanding or misrepresentation of the risk characteristics of the instrument? If so, explain.
14. Have any of your public-sector clients ever reported to your firm, its officers or employees, orally or in writing, that they sustained a loss (in a single year) exceeding 10 percent of original purchase price on any individual security purchased through your firm? Explain.
15. Has your firm ever been subject to a regulatory or state or federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of government securities or money market instruments? Have any of your employees ever been so investigated? Explain.
16. Has a public-sector client ever claimed in writing that your firm was responsible for investment losses? Explain
17. Please include samples of research reports that your firm regularly provides to public-sector clients.
18. Please explain your normal custody and delivery process. Who audits these fiduciary systems?
19. Please provide certified financial statements and other indicators regarding your firms capitalization.
20. Describe the capital line and trading limits that support/limit the office that would conduct business with the Commission.
21. What training would you provide to our employees and investment officers?
22. Has your firm consistently complied with the Federal Reserve Bank's capital adequacy guidelines? As of this date, does your firm comply with the guidelines? Has your capital position ever fallen short? By what factor (1.5x, 2x, etc.) does your firm presently exceed the capital adequacy guidelines? Include certified documentation of your capital adequacy as measured by Federal Reserve standard.

23. Do you participate in the Securities Investors Protection Corp (SIPC) insurance program? If not, explain why not.
24. What portfolio information do you require from your clients?
25. What reports, transactions, confirmation and paper trail will we receive?
26. Enclose a complete schedule of fees and charges for various transactions.
27. How many and what percentage of your transactions failed last month? Last year?
28. Describe the precautions taken by your firm to protect the interests of the public when dealing with government agencies as investors.

EXHIBIT B (Cont'd.)

-CERTIFICATION-

I hereby certify that I have personally read the investment policy and the objectives of the Community Development Commission and the Housing Authority of the County of Los Angeles. I have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and the Community Development Commission or the Housing Authority of the County of Los Angeles. All sales personnel will be routinely informed of your investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We will notify you immediately by telephone and in writing in the event of a material adverse change in our financial condition. We pledge to exercise due diligence in informing you if all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

Signed: _____

Date: _____

(Countersigned by company president or person in charge of government securities operations.)

Signed: _____

Title: _____

Date: _____